

Message Text

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PAGE 01 CANBER 08374 010322Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 L-03 FPC-01
INT-05 STR-05 /081 W
-----014838 011040Z /15

R 010153Z DEC 77
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 1880
INFO AMEMBASSY LONDON
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON

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EO 11652: NA
TAGS: EMIN, AS, JA, NZ
SUBJECT: NZ ALUMINUM SMELTER

REF: STATE 282479

1. GOA HAS MADE NO FORMAL DEMARCHE TO GNZ CONCERNING POWER RATE DISPUTE BETWEEN GNZ AND SMELTER JOINT VENTURERS. HOWEVER, A LOW-KEYED INFORMAL REPRESENTATION WAS MADE TO GNZ ASSOCIATE FINANCE MINISTER TEMPLETON THROUGH GOA EMBASSY IN WELLINGTON. GOA INFORMED GNZ THAT, ALTHOUGH NOT WANTING TO GET DIRECTLY INVOLVED IN POWER RATE DISPUTE, GOA WAS VITALLY INTERESTED IN SEEING AMIABLE SETTLEMENT BETWEEN INTERESTED PARTIES. GOA SAID THAT ANY ACTION THAT RESULTED IN CLOSURE OF SMELTER, AS HAS BEEN THREATENED BY COMALCO, COULD HAVE SERIOUS FOREIGN POLICY RAMIFICATIONS. GOA POINTED TO FACT THAT DOLS A 40 MILLION OF AUSTRALIAN ALUMINA WERE EXPORTED TO SMELTER PER YEAR.

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2. DFA ECONOMIC DIVISION OFFICIAL STATED THAT THERE HAS BEEN SOME PROGRESS IN SETTLING THE DISPUTE AND THAT A COMPROMISE MAY BE WORKED OUT WHERE POWER RATE INCREASE MAY BE "ONLY 450 PERCENT" OR THEREABOUTS. AT LEAST INTERESTED PARTIES ARE NOW TALKING, WHICH WASN'T CASE A FEW DAYS AGO.

3. AS BACKGROUND TO GOA ACTION IN THIS DISPUTE,
D.J. HIBBERD, COMALCO CHAIRMAN, IN LETTER TO PRIME
MINISTER FRASER, ASKED GOA TO INTERCEDE TO WARD OFF
WHAT WAS CONSIDERED TO BE AN EXCESSIVE POWER RATE INCREASE.
HIBBERD TOLD PRIME MINISTER THAT SMELTER WOULD CLOSE IF
POWER RATES INCREASED 650 PERCENT. PRIME MINISTER'S
RESPONSE TO COMALCO WAS ONE OF VITAL INTEREST IN
DISPUTE, BUT NOT TO POINT OF DIRECTION GOA INTERVENTION.

4. GOJ HAS ASKED GOA FOR THEIR VIEWS ON DISPUTE. OGA
RESPONSE WAS SAME AS ABOVE.

5. DFA OFFICIAL SAID HE WOULD INFORM EMBASSY OF FURTHER
DEVELOPMENTS.
ALSTONT

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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